

A Message From DBA's New Director

I am pleased and excited to be the new director of the Department of Business Assistance. I assure you that I will bring the same vigor, determination and relentless energy to this position that I brought to my business and that all of you bring to yours.

In my business-world background, I've been fortunate to have direct experience with many of DBA's programs. As the founder and owner of a business, I also know the dynamics of building a business from the ground floor and the importance of having a well-trained work force. From my experience working in fixed income financing on Wall Street and founding a financial services firm, I understand the financing needs of businesses. As a former board member of a Small Business Development Center, I understand the importance of the counseling these centers provide and the value of their micro loan programs. As a business graduate and manager of a business incubator program, I understand the key ingredients to operating a successful incubator and the tremendous economic impact they have on local economies. As a graduate of the VSBDC's NxLevel program, I understand the importance of such training to early stage entrepreneurs. And from my relationships with and participation in a number of chambers and economic development associations, I understand the missions of these organizations relative to their business constituents.

We have both extraordinary and challenging times before us, but with your input, we will make a difference. Governor Warner recently reiterated, "Virginia is Open For Business," and the DBA team stands ready to do our part. Please do not hesitate to email or call us with your questions, suggestions or concerns. I look forward to serving the business and economic development communities of Virginia.

Charlie H. Mills III

News From the Existing Business Services Division

DBA Helps With Local Existing Business Program

Community Leaders Volunteer For Business Visitation Team

When Campbell County Director of Economic Development, Mike Davidson, wanted to establish an Existing Business program, he turned to the Department of Business Assistance's Community Partner program. DBA provided Mike with materials on establishing a program tailored to his community and delivered a presentation to important stakeholders. Mike recruited a group of community leaders to volunteer as Business Visitation Team members.

In January, eight volunteers received training from DBA on business visitation. The training, based on DBA's successful state-wide visit program, included workshops on preliminary research, conducting effective visits with managers and owners and following up on issues and opportunities. A role-play exercise was also an integral part of the training. The Campbell County team will be calling on local businesses soon and DBA will complete the training by accompanying them on their initial visits, providing feedback and suggestions.

Communities interested in establishing or improving an Existing Business program are invited to contact Will Vehrs at 804.371.0058 or wvehrs@dba.state.va.us.

*Congratulations to the Virginia Economic Developers Association
for celebrating 20 years of leadership in the industry.*



A Match Made In Virginia

Helpful Technology Sites

The Center for Innovative Technology's (CIT) Matchmaker is the place to go if you need to contact a technology company in Virginia. You can search the directory by company name, location, industry, and more. Check it out at <http://intercom.virginia.edu/matchmaker>. To be listed, contact Karen Jackson at 757.249.0886 or karen@CIT.org.

CIT has also launched a new web portal called Innovation Avenue. This site, located at www.innovationavenue.com, offers industry and region-specific news and information including the latest reports affecting your industry, listings of research resources, online tools, and more. Innovation Avenue contains over 5,000 links to resources that help Virginia's technology companies develop, launch, and improve products and services. The site also features the latest news and information appropriate for Virginia's technology companies.

Disability Friendly Business Program Recognizes Virginia Businesses

Sponsored by the Virginia Business Leadership Network, the Disability Services Boards of Virginia and the Virginia Department of Rehabilitative Services, the Disability Friendly Business Program was designed to acknowledge Virginia businesses who have instituted and promoted best practices toward the employment, independence and service to persons with disabilities. The Honorable John H. Hager serves as the spokesman for the program. This program aims to award businesses that have gone beyond the legal compliances of ADA and have demonstrated a clear and conscious effort to be 'disability-friendly' in the areas of employment, accessibility and customer service. To obtain your nomination packet, contact Dana Rosanelli at 804.662.7069.



DBA online survey results

Q: What is your most important workforce development training need?

A: Computer Skills	21%
Customer Service Skills	17%
Team Building	14%
Supervisory Skills Training	11%
Technical Skills Training	11%
Skills Retraining	9%
Understanding Diversity	7%
Other	5%
Recruiting & Selection Training	2%
Train The Trainer	2%

Interested in Workforce Development?

Register today at www.dba.state.va.us for the next Virginia Economic Development Seminar on March 6, 2002. The featured topic will be "Educating Virginia's Workforce."

News From the Financial Services Division

VSBA: When Good Loans Go Bad

The Virginia Small Business Financing Authority's goal is to promote Virginia businesses and maximize employment by increasing access to capital. Loan guaranty and direct lending programs are used to accomplish this goal.

One direct lending program is the Virginia Economic Development Revolving Loan Fund (RLF). The RLF is designed to fill the financing gap between private debt and the business owner's equity contribution. The VSBA will accept slightly more risk than conventional lenders. RLF will provide financing for 40% of a transaction up to \$1,000,000 and will often accept a subordinate lien position vis-à-vis private lenders. RLF also requires that one job be created (or retained) for every \$20,000 of VSBA funding.

While the VSBA will take a subordinate position, this does not mean that credit underwriting, which provides a reasonable assurance of repayment, is ignored. Additionally, collateral, equity and/or personal guarantees are required. If a loan is not repaid, VSBA will make all reasonable efforts to collect the debt.

In December 2000, the VSBA provided \$1,000,000 to Evercel, Inc. as part of a \$26MM project. The Newport News facility was projected to create 130 jobs. In September 2001, the company announced that the production facility was not meeting their expectations and would move its operations to China. As the borrower was no longer meeting the terms of the loan agreement, and the initial repayment plan was unacceptable, the VSBA demanded payment. In November 2001, Evercel paid all outstanding principal and interest due to the VSBA. Of course, the VSBA would have preferred that the company and the jobs remain in Newport News. However, as the borrower had breached the terms of the loan agreement, it was essential that a determined effort be made to collect public funds.

By accepting more risk, the VSBA can leverage State funds and increase access to capital for Virginia businesses. The principal tools to achieve this end are loans and not grants. The money advanced must be repaid however, so that it can be used again to serve Virginia businesses and enhance Virginia's economic development efforts. For more information about RLF call Mark Heede at 804.371.7028 or visit our web site at www.dba.state.va.us/financing.



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